Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

CODE OF VIRGINIA § 45.1-361.26

BEFORE THE VIRGINIA GAS AND OIL BOARD

RELIEF SOUGHT: An Order for Disbursement of Escrowed Funds

(and Authorization for Direct Payment of Royalties)

JURISDICTION: Code of Virginia § 45.1-351. (et seq) AND § 45.1-361.22 (et seq)

UNIT/WELL NAME: VC-504509

TRACT(S):

LOCATION: Dickenson County, Virginia

TAX ID LOCATED ON EXHIBIT EE

DOCKET NUMBER: VGOB-01-1120-0986-03

APPLICANTS: EQT Production Company on behalf of George D. Smith and Carol R. Smith and Range

Resources-Pine Mountain, Inc.

HEARING DATE AND LOCATION: March 13, 2012, Russell County Government Center,

Lebanon, Virginia

APPEARANCES: James Kaiser of Wilhoit & Kaiser for EOT and Sharon Pigeon. Senior Assistant Attorney General representing the Board

#### PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 01/31/2007Recorded on 02/01/2008 Deed Book 372 Pg. 440
2. Supplemental Order Executed 03/27/2002Recorded on 03/28/2002 Deed Book 374 Pg. 103
3. Disbursement Order Executed 02/06/2006 Recorded on 02/07/2006Deed Book 422 Pg. 382

4. Disbursement Order Executed 12/05/2007 Recorded on 12/17/2007 Deed Book 446 Pg. 669

#### NOTICE:

The Unit Operator gave notice to the Applicants that the Board would consider its disbursement petition at the March 13, 2012, hearing and consider whether to:

- Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract 2 identified in the attached miscellaneous petition.
- 2) Delete the requirement that the Unit Operator place future royalties attributable to Tract 2 relative to the interests of the Applicants identified in the attached miscellaneous petition.
- 3) Continue the escrow account under this docket number.

FINDINGS: Code of Virginia § 45.1-361.22

Applicant has certified and represented to the Board that:

- 1. The owner of the coal estate for Tract 2 is Range Resources-Pine Mountain, Inc. for the subject drilling unit.
- 2. The owner of the gas estate for Tract 2 is George D. Smith and Carol R. Smith for the subject drilling unit.
- Range Resources-Pine Mountain, Inc. requested EQT distribute directly all current royalties, as well as all future royalties attributable to the interests identified in the miscellaneous petition.

#### RELIEF GRANTED:

		VGOB Approved Disbursement VC-536825 VGOB 01-1120-0986-03			Net Acreage Ownership in Tract	Royalty Split Agreement	Escrowed Acres Disbursed	Percent of Escrowed Funds Disbursed
		Table I						
[tem	Tract	Disbursement Table						
		Total acreage in escrow before disbursement		_			8.1800	
		Tract 2 total acreage		7.46				
1	2	George D. and Carol R. Smith	111 Locust Street, Tazewell, VA 24651	Unknown	7,4600	100.0%	7,4600	91.1980%

- 1. The Escrow Agent is ordered, to within ten (10) days of receipt of this executed order, disburse funds for the unit and applicants detailed in Table I.
- 2. The Escrow Agent is ordered to continue the Escrow Account for the Subject Drilling unit based on the attached Revised Exhibit E which replaces all prior Exhibit E's recorded for the Subject Drilling Unit.

Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

#### APPEALS:

Appeals of this Order are governed by the provisions of the *Code of Virginia* § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

<b>Rffe</b>	ctive	Date	
1.116	CLIVE	DAIL	

This Order shall be effective on the date of its execution.

DONE AND EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_\_, 2012, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert, Chairman Virginia Gas and Oil Board

DONE AND PERFORMED this 200 day of April, 2012, by Order of the Virginia Gas and Oil Board.

Rick Cooper

Principal Executive to the Staff Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA COUNTY OF RUSSELL)

Acknowledged on this day of of lay of

Diane J. Davis, Notary Public #174394

My commission expires: 09/30/2013

#### VIRGINIA:

### BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: EQT Production Company on behalf of George D. and

Carol R. Smith and Range Resources-Pine Mountain Inc.

DOCKET NUMBER: VGOB-01/11/20-0986-03

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed Funds

on behalf of George D. and Carol R. Smith and Range

Resources-Pine Mountain Inc.

LEGAL DESCRIPTIONS: Drilling Unit Number VC-504509 created by Board

Order Dated February 1, 2002 VGOB 01/11/20-0986 in

Dickenson County, Virginia.

HEARING DATE: March 13, 2012

Received

#### MISCELLANEOUS PETITION

Pred - Labarron

- 1. Party: Applicants herein are: George D. and Carol R. Smith, (hereinafter "Plaintiffs), whose address is 111 Locust Street, Tazewell, VA 24651 and Range Resources-Pine Mountain Inc. (hereinafter "Plaintiffs), whose address is P.O. Box 2136, Abingdon, VA 24212.
- 2. Facts:
- a. Equitable was designated as the Operator and Applicants interests were Pooled in the VC-504509 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on January 24, 2002, pursuant to Docket No. VGOB 01/11/20-0986 and recorded in the Circuit Court Clerk's Office Dickenson County, Virginia on February 1, 2002, Deed Book 327, Page 440 (hereinafter "Order").
- b. The Order and Supplemental Order required the Escrow Agent named and appointed therein to establish an interest-bearing escrow account for funds pertaining to the above-referenced Unit and subject to escrow pursuant to the terms of the Order.
- c. The Order and Supplemental Order further required the Operator to deposit bonus and royalty payments with the Escrow agent which could not be made because the person(s) entitled hereto could not be made certain due to conflicting claims of ownership.

- d. Pine Mountain Oil and Gas, Inc. was a conflicting claimant with the above-listed Plaintiffs with regard to Tract 2 as created by Board Order as VGOB 01/11/20-0986 is the applicable Tract.
- e. To resolve this conflict, a Letter dated January 13, 2012 signed by Phil Horn, Land Manager of Pine Mountain Oil and Gas, Inc. is attached hereto and incorporated herein as Exhibit "A".
- f. The amounts deposited with the Escrow Agent regarding the Unit need to be determined and distributed accordingly.
- g. Any escrow amount, not yet deposited into the escrow account, held by Operator should also be determined, and distributed to Applicants/Plaintiffs herein, accordingly.
- h. Applicants/Plaintiffs herein do hereby request that the Board enter amended supplemental order for the Unit directing the Escrow Agent and the Operator to disburse to the aforesaid Plaintiff the funds attributable to the previous conflicting claim with Pine Mountain, held in escrow for the VGOB number as listed above.
  - The Applicants certify that the matters set forth in the application, to the best of their knowledge, information, and belief, are true and correct and that the form and content of the Application and conform to the requirements of relevant Board regulations and orders.
  - Legal Authority: Va Code Ann. §45.1-361.1 et seq., 4 VAC 25-160, and such other regulations and Board orders promulgated pursuant to law.
  - 3. Relief Sought: Applicants request that the Board issue amended supplement order amending all prior orders affecting the Unit which amended supplement order will provide as follows:
    - a. Determining the amount of funds attributable to the Applicants/Plaintiffs herein.
    - b. Directing the Escrow Agent to determine the amount of funds attributable to Applicants/Plaintiffs herein, provide an accounting hereof, and disburse the funds on deposit with the Escrow Agent, including any applicable interest, pertaining to the interest in the Unit shown above for distribution.
    - c. Directing the Operator to determine the amount of funds attributable to the Applicants/Plaintiffs herein, provide an accounting thereof, and disburse the units in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable interest, at the time of the Supplemental Order requested therein is executed, attributable to the Applicants/Plaintiffs herein for distribution.

- d. Directing the Operator to disburse the funds, including any applicable interest, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in the Application, if any, attributable to the Applicants/Plaintiff herein, and to discontinue the payment of such funds into Escrow.
- e. Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

Dated this 10<sup>th</sup> day of February, 2012

Petitioner

Address:

Wilhoit & Kaiser 220 Broad St, Ste. 301 Kingsport, TN 37660

## **CERTIFICATE**

The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. §45.1-361.19.

Petitioner

## Amount from December 2011 Escrow Agent Summary \$23,143.87

• • •		VGOB01/11/20-0986 -03 VC-504509	Acreage Interest Disbursed	Split Agreement	Escrowed Acres Total	% of Escrowed Funds	Disbursement \$
Item	Tract	Disbursement Table	T				
					8.18		
				[		<del>.</del>	
	1 2	George D and Carol R Smith	7.46	100%	7.46	91.198044%	\$21,106.76
					Γ		

Beginning acreage in escrow 8.18
Acreage disbursed -7.46
Acreage remaining in escrow 0.72



Mr. George D. Smith Mrs. Carol R. Smith 111 Locust Street Tazewell, VA 24651

Re: Permanent Release of CBM Royalty

Well VC-503042, VC-3324, and VC 504509

Dickenson County, Virginia

Dear Mr. and Mrs. Smith:

As you are aware, EQT Production Company ("EQT") has drilled the above-referenced coalbed methane gas wells on a 16 acre tract ("Subject Tract") either under a pooling order from the Virginia Gas and Oil Board ("Board") or as voluntary drilling unit. For this well, as we are listed as having conflicting claims. Range Resources - Pine Mountain, Inc. ("RRPM") is listed as claiming under a coal title, and you are listed as claiming under a gas title. The plats indicating the location of each of the wells within the operating units are enclosed for your reference.

EOT, as operator of the unit, has placed or will place all royalty proceeds attributable to conflicting claims into an escrow or suspense account. In order to allow release of the royalty proceeds, RRPM hereby waives any claims to past or to future royalties attributable to your interest in this well.

By copy of this letter, RRPM is requesting EQT to initiate distribution directly to you of all current royalties, as well as all future royalties, attributable to your interests in this well.

Please be advised that EQT may require that you demonstrate that you are the current owner of the gas estate. You should work directly with EQT on that issue.

If you have any questions, please do not hesitate to call me at 276-619-2583.

Sincerely,

RANGE RESOURCES-PINE MOUNTAIN, INC.

Land Manager

Enclosure

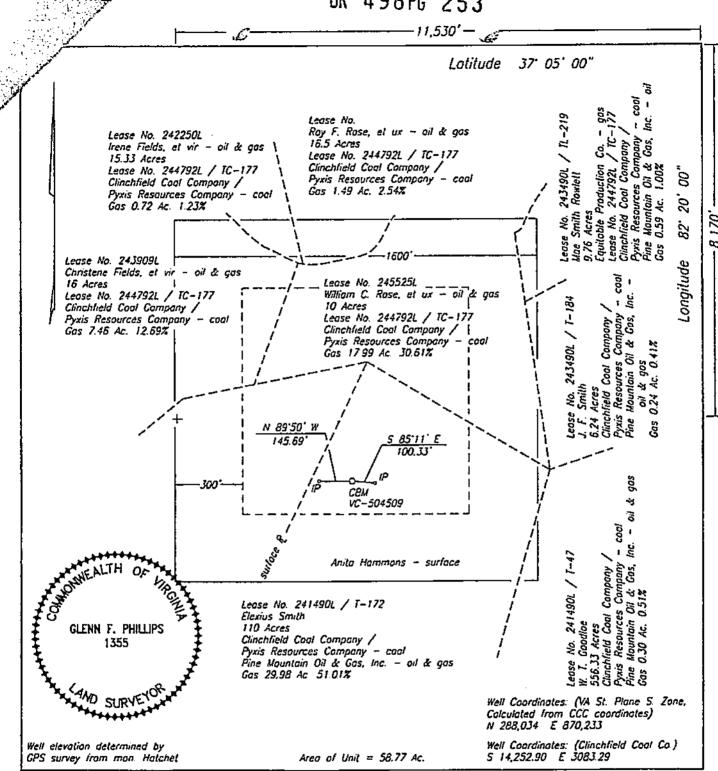
cc: Kristie Shannon, EQT Debbie Louthian, RRPM

Range Resources - Pine Mountain, Inc. 408 W. Main Street P. O. Box 2136

Abingdon, VA 24212

Tel (276) 628-9001

Fax (276) 628-7246



## WELL LOCATION PLAT

COMPANY <u>Equitable Production Company</u>	WELL NAME AND NUMBER VC-504509
TRACT NO. <u>T-172</u> ELEVATION _202	1.14 QUADRANGLE Nora
COUNTY Dickenson DISTRICT Kenaday	SCALE 1" = 400' DATE 9-19-2001
This Plot is a new plot x; an updated plot	
Denotes the location of a well on United Stal	
7 24,000, latitude and langitude lines being rep	
De Flillies	

Licensed Professional Engineer or Licensed Land Surveyor

νO

## SUPPLEMENT "B" VC-504509 VGOB 01/11/20-0986

## REVISED as of 01/18/2012

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN <u>UNIT</u>	GROSS ACREAGE <u>IN UNIT</u>	<u>NRI</u>
1	Pittston Company* c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24228	Gas Estate Only Lease - EPC 241490L01 Tract T-172	51,010000%	29.98000000	0.06376250
Tract 1 Totals	EQT Production Company		51.010000%	29.98000000	0.44633750
2	Christine Fields and Boyce Fields, W/H** Route 1, 8ox 238 McChire, VA 24269	Leased - EPC 243909L01	12.690000%	7.46000000	0.01586250
Totals	EQT Production Company		12,690000%	7.46000000	0.11103750
Tract 2 Totals		· -	12.030000	1.4000,0000	0.12030000
3	Irene Fields and Jack Fields, W/H 31914 Sandra Lane Westland, MI 48185	Leased- EPC 242250L01	1.230000%	0.72000000	0,00153750
	EQT Production Company		•		0.01076250
Tract 3_Totals			1.230000%	0.72000000	0.01230000
4	Roy F Rose and Charlotte Rose, H/W PO Box 117 Cantwood, VA 24228	Unleased	2.540000%	1.49000000	0.00317500
	EQT Production Company		0 5400000	4 4000000	0.02222500
Tract 4 Totals		<u> </u>	2.540000%	1.49000000	0.02540000
<u>5</u>	William C Rose and Vonda Rose Route 1, Box 421 Clinhwood, VA 24228	Leased - EREC 245525L01	30.610000%	17.99000000	0.03826250
Tract 5 Totals	EQT Production Company		30.610000%	17.99000000	0.26783750
<u>6</u>	Equitable Production Company Cloverleaf Square, Building B Blg Stone Gap, VA 24219	Leased - EREC 243490L01	1.000000%	0.59000000	0.00125000
	EQT Production Company				0.00875000
Tract 6 Totals		<u></u>	1.000000%	0.59000000	0.01000000
I	Pittston Company* c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brithart PO Box 5100 Lebanon, VA 24226	Leased - EREC 241490L01 Tract T-184	0.410000%	0.24000000	0.00051250
<b>-</b> ==::::	EQT Production Company		0.4466664	0.3400000	0.00358750
Tract 7 Totals			0.410000%	0.24000000	0.00410000

<u>8</u>	Pittston Company* c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased - EREC 241490L01 Tract T-47	0.510000%	0.30000000	0.00063750
	EQT Production Company				0.00446250
<u>Tract 8Totals</u>			0.510000%	0.30000000	0.00510000
	TOTAL GAS ESTAYE		100.00000%	58.77000000	1.00000000
	Percentage of Unit Leased Percentage of Unit Unleased		97.46000% 2.54000%		
	Acreage in Unit Leased Acreage in Unit Unleased			57.28 1.49	
		COAL ESTATE ONLY			
1	Pittston Company* c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Britthart PO Box 5100 Lebanon, VA 24226	Leased-EPC 244792L01 Tract T-172	51.010000 <del>%</del>	29,98000000	0.06376250
	EQT Production Company			_	0.44633750
Tract 1 Totals		<u> </u>	51.010000%	29,98000000	0.51010000
2	Pittston Company* c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased-EPC 244792L01 Tract TC-177	12.690000%	7.46000000	0.01586250
	EQT Production Company				0.11103750
Tract 2 Totals	<del></del>		12.690000%	7.46000000	0.12690000
3	Pittston Company* c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brithart PO Box 5100 Lebanon, VA 24226	Leased-EPC 244792L01 Tract TC-177	1.230000%	0.72000000	0.00153750
	EQT Production Company				0.01076250
Tract 3 Totals			1,230000%	0.72000000	0.01230000
4	Pittston Company* c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Britthart PO Box 5100 Lebanon, VA 24226	Leased-EPC 244792L01 Tract TC-177	2.549000%	1.49000000	0.00317580
	SOT Production Company				0.02222500
Tract 4 Totals	EQT Production Company	<del></del>	2.540000%	1.49000000	0.02540000
<u>5</u>	Pittston Company* c/a Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased-EPC 244792L01 Tract TC-177	30.610000%	17.99000000	0.038262 <b>\$</b> 0
	EQT Production Company				0.26783750
Tract 5 Totals	* *	<u> </u>	30.610000%	17,99000000	0.30610000
<u>6</u>	Pittston Company* c/o Pine Mountain Oil & Gas, Inc.	Leased-EPC 244792L01	1.000000%	0,59000000	0.00125000

Altn: Richard Brillhart PO Box 5100 Lebanon, VA 24228 Tract TC-177

	EQT Production Company	0.00875			
Tract 6 Totals			1.000000%	0.59000000	0.61000000
7	Pittston Company* c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Britthart PO Box 5100 Lebanon, VA 24226	Leased-EPC 244792L01 Tract T-184	0.410000%	0.24000000	0.00051250
	EQT Production Company				0,00358750
Tract 7 Totals			0.410000%	0.24000000	0.00410000
8	Pittston Company* c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Britthart PO Box 5100 Lebanon, VA 24226	Leased-EPC 244792L01 Tract T-47	0.510000%	0.30000000	0.00063750
	EQT Production Company				0.00446250
<u>Tract 8Totals</u>		<u></u>	0.510000%	0.30000000	0.00510000
	TOTAL COAL ESTATE		100.00000%	58.77000000	1.00000000
	Percentage of Unit Leased		100.00000%		
	Percentage of Unit Unleased		0.00000%		
	Acreage in Unit Leased Acreage in Unit Unleased			58.77 0	

Presently:
Range Resources-Pine Mountain, Inc
Attn: Jerry Grantham
406 W Main Street
PO Box 2136
Abingdon, VA 24212

<sup>\*\*</sup> Conveyed via Deed on October 15, 2003, recorded in Dickenson County on 12/4/2003 at Book 393 Page 758 to: George D Smith and Carol R Smith 111 Locust Street Tazewell, VA 24551

## EXHIBIT "E" VC-504509 Revised 01/18/2012

TRACT	<u>LESSOR</u>	LEASE STATUS	INTEREST WITHIN <u>UNIT</u>	GROSS ACREAGE <u>IN UNIT</u>					
Gas Estate Only									
<u>3</u>	Irene Fields and Jack Fields, W/H 31914 Sandra Lane Westland, MI 48185	Leased- EPC 242250L01	1.230000%	0.72000000					
	Total	•	1.230000%	0.72000000					
Coal Estate Only									
<u>3</u>	Range Resources-Pine Mountain* Attn: Jerry Grantham 406 W Main Street PO Box 2136 Abingdon, VA 24212	Leased-EPC 244792L01 Tract TC-177	1.230000%	0.72000000					
	Total		1.230000%	0.72000000					

\*Formerly:
Pittston Company
c/o Pine Mountain Oil & Gas, Inc
Attn: Richard Brillhart
PO Box 5100
Lebanon, VA 24226

## EXHIBIT "EE" VC-504509

Revised 01/18/2012

TRACT	<u>LESSOR</u>	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT					
	<u>Disburseme</u>	ent - 01							
5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	William C Rose and Vonda Rose Route 1, Box 421 Clintwood, VA 24228	Leased - EREC 245525L01	30.610000%	17.990000	100%				
10°	Total Subsequent to -01 Release	•	30.610000%	17.990000					
	<u>Disburseme</u>	ent - 02							
<u>4</u>	Charlotte Rose PO Box 117 Clintwood, VA 24228		1.905000%	1.117500	75%				
Tan 1055	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226		0.635000%	0.372500	25%				
	Total Subsequent to -02 Release	•	2.540000%	1.490000					
Current Disbursement									
2 (at 55	George D Smith and Carol R Smith 111 Locust Street Tazewell, VA 24651		12.690000%	7.460000	100%				
<i>[</i> k <sup>0</sup>	Total Subsequent to RR-PM Waiver		12.690000%	7.460000					

This Deed of Gift, made this 15<sup>th</sup> day of October, 2003, by and between, CHRISTINE ROSE FIELDS, party of the first part, and GEORGE DEWEY SMITH And CAROL RUTH FIELDS SMITH, husband and wife, joint tenants by the entireties with right of survivorship, parties of the second part, whose address is 111 Locust Street, Tezewell, Virginia 24651;

# no will a list of heirs found for Boyce Fields

#### WITNESSETH: .

That for and in consideration of the natural love and affection which the party of the first part has for the parties of the second part, the said Christine Rose Fields, party of the first part, does hereby give with CONVENANTS OF GENERAL WARRANTY OF TITLE unto the said George Dewey Smith and Carol Ruth Fields Smith, husband and wife, joint tenants by the entireties with right of survivorship, parties of the second part, all of that certain tract or parcel of land lying and being on Big Spraddle in the Ervinton Magisterial District of Dickenson County, Virginia and more particularly bound and described as follows:

Beginning on State Route 654 at an Iron stake near a white oak tree in the corner property of William C. Rose, thence 700 feet North with State Route 654 to an iron stake on inside of a curve in State Road, thence 800 fee West with the drain of the water to an Iron pin near a large tree and rock, thence 900 feet South with drain of the water to a marker on South side of Low Gap, thence, East with the Shearl property line to the corner of William C. Rose property, thence with the line of William C. Rose property to the point of beginning. Approximately sixteen acres more or less.

AND BEING, the real estate conveyed from Loretta Rose, widow, to Boyce Fields, deceased, and is survived by his wife Christine Rose Fields, by deed dated October 10<sup>th</sup>, 1978, and recorded in the Office of the Clerk of the Circuit Court of Dickenson County, Virginia in Deed Book 209, pages 134, 135, 136, and 137 and Parcel 1D#4569.

To have and to hold unto the parties of the second part their heirs and assigns forever.

Witness the following signatures and seals.

Christine Rose Fields (SEAL

STATE OF VIRGINIA

Military . . . . .

COUNTY OF Tazewell to-wit:

I. Such S. Kundruck, a Notary Public, in and for the county and state aforesald, do hereby certify that Christine Rose Fields whose name is signed to the foregoing deed bearing date of October 15, 2003, have acknowledged the same before me in my county aforesald.

My commission expires on the 6 day of 1000 2007.

Given under my hand this the 15 day of 1000 2001.

Bicky L Kindrick

THE TRUMENT #0300002362 RECORDED 11 THE TEST A

VIRGORA: JN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, \\ \) \( \begin{align\*} \begin{al

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D. CLERN

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HICHARD W. EJWARDDS CLERK RECORDED EX: COT